

KEEGAN, WERLIN & PABIAN, LLP

ATTORNEYS AT LAW
21 CUSTOM HOUSE STREET
BOSTON, MASSACHUSETTS 02110-3525

—
(617) 951-1400

TELECOPIERS:
(617) 951- 1354
(617) 951- 0586

November 16, 2001

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 01-71 – Service Quality Plans for Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company and NSTAR Gas Company

Dear Secretary Cottrell:

On October 29, 2001, in accordance with the directives of the Department of Telecommunications and Energy (the “Department”) in Service Quality, D.T.E. 99-84 (June 29, 2001), Boston Edison Company (“Boston Edison”), Cambridge Electric Light Company (“Cambridge”), Commonwealth Electric Company (“Commonwealth”) (collectively, “NSTAR Electric”) and NSTAR Gas Company (“NSTAR Gas”) (collectively, with NSTAR Electric, “NSTAR” or the “Company”) filed a service quality plan for NSTAR pursuant to D.T.E. 99-19 and D.T.E. 99-84. The Company’s plan was designed to establish the service-quality requirements that would be applied to NSTAR’s consolidated operations. The Department staff has requested that the Company submit separate service-quality plans for Boston Edison, Cambridge, Commonwealth and NSTAR Gas. Consistent with this request, please find the requested plans, as well as an updated version of the original NSTAR plan, in both redlined and non-redlined versions.¹

Although the Company has complied with the Department’s request to file individual service-quality plans for each of the former utility companies, NSTAR

¹ The attached plans have been revised since the Company’s October 29 filing, in large part, to incorporate rulings in the Department’s Order on the Motion by the Joint Utilities for Clarification of its decision in Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.T.E. 99-84 (June 29, 2001) (the “Order on Clarification”). In its October 29 filing, the Company inadvertently did not include in its penalty formula: (1) payments to customers pursuant to the Company’s customer-guarantee program; and (2) offsets for superior performance in odor call response time. Accordingly, the Company has altered the formula included in the Company’s individual service-quality plans filed herewith, consistent with the Order on Clarification.

requests approval of the single service-quality plan for the NSTAR system.² The Department's guidelines establish a framework to measure, track and report the level of service quality that is provided to customers by regulated utilities. Thus, the Department's service-quality performance measures are designed to apply to those particular aspects of the Company's operations that are involved in providing service to customers, such as metering and billing, customer-account management, and the delivery of a reliable and safe energy supply. As discussed below, the adoption of a single, system-wide service-quality plan that applies uniformly to these aspects of NSTAR's operations is an important step in its effort to integrate the merger companies.

Over the past two years, NSTAR has devoted significant resources to its effort to integrate the operations of the utility companies comprising its system and to engender a "one company" focus among employees. This focus is critical if the Company is to maintain and improve customer service over the long term. As a result, the Company has established a single customer call center, and is centrally managing its billing, metering and field operations. Therefore, it is important, both symbolically and operationally, to underscore to customers and employees that NSTAR's service quality will be evaluated under a single set of standards and reporting requirements. Requiring the adoption of four separate plans, even though the plans may be substantively the same, undermines the Company's efforts to establish a one-company focus.

Therefore, from an operating perspective, it is significantly more desirable for the Company to have a single service-quality plan to apply to its consolidated operations. This will enable the Company to better determine and implement the "best practices" of each of its legacy companies, to track service quality using integrated systems, to minimize administrative burdens, to institute a single set of procedures for planning, maintenance and capital-improvement purposes, and most importantly, to create a performance-focused environment for employees based on a single set of service-quality measures and reporting requirements for the NSTAR system.

Accordingly, in addition to the individual service-quality plans requested by Department staff, NSTAR has included a revised (see footnote 1, herein) service-quality plan for NSTAR, that will, if permitted by the Department, allow NSTAR to implement a single set of performance measures and reporting requirements for the operations of the Company and to prepare for filing with the Department a single annual service-quality report.

The Company is not, in this filing, seeking the Department's approval of a proposal to consolidate or aggregate the performance data or benchmarks of the legacy companies. Under the single NSTAR plan, the Company will track and report service-quality data for each individual company and will propose performance benchmarks in its

² In its initial filing, the Company included an illustrative example to demonstrate the feasibility of aggregating the historical service-quality data and benchmarks for the NSTAR system. As discussed herein, the approval of a single NSTAR plan, however, does not presuppose or require the aggregation of historical data or performance benchmarks.

March 2002 filing. At that time, the Company may make a proposal to establish consolidated benchmarks for one or more performance measures, the merits of which could be considered by the Department at that point. Approval of the NSTAR plan would not preclude a determination by the Department that, under the unified plan, NSTAR must continue to report performance data for the individual legacy companies and to measure their performance against a company-specific performance benchmark. Accordingly, NSTAR respectfully requests that the Department approve the single NSTAR service-quality plan submitted herewith.

Thank you for your attention and consideration of this matter. Please contact me if you have any questions regarding this submission.

Sincerely,

Robert J. Keegan

Enclosures

cc: Chairman Connelly
Commissioner Keating
Commissioner Vasington
Commissioner Sullivan
Commissioner Manning
Paul G. Afonso, General Counsel
Caroline O' Brief, Hearing Officer
David O'Connor, Division of Energy Resources
Joseph W. Rogers, Assistant Attorney General
Charles Harak, Esq.
William S. Stowe, Esq.